

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
P.O. Box 146760  
Salt Lake City, Utah 84114-6760  
Telephone: 801 530-6600  
Facsimile: 801 530-6980

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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**DONALD WESLEY DENNETT,  
RESORT HOLDINGS fka YUCATAN  
RESORTS, INC. aka YUCATAN  
INVESTMENT CORP.,**

**Respondents.**

**ORDER TO SHOW CAUSE**

Docket No. SD-03-0080

Docket No. SD-03-0081

**TO:** Donald Wesley Dennett  
792 Zion Park Blvd.  
Springdale, UT 84767

Yucatan Resorts  
3222 Mishawaka Avenue  
South Bend, IN 46615

Resort Holdings International, Inc.  
c/o Michael E. Kelly  
2533 North Carson Street  
Carson City, NV 89706

and

Resort Holdings International, Inc.  
c/o CSC Services of Nevada, Inc.  
502 East John Street  
Carson City, NV 89706.

It appears to the Director of the Utah Division of Securities ("the Director") that Donald Wesley Dennett and Resort Holdings International fka Yucatan Resorts, Inc. and aka Yucatan

Investment Corp. (“Respondents”) have engaged in acts and practices that constitute violations of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (“the Act”). Those acts and practices are more fully described herein. Having reviewed the relevant facts discovered in the course of the Division staff’s investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

### **STATEMENT OF FACTS**

1. Donald Wesley Dennett is a Utah resident whose last known address is 792 Zion Park Blvd in Springdale, Utah 84767.
2. Resort Holdings International, Inc., is a Nevada corporation and was incorporated on July 16, 1999. Michael E. Kelly is the President, Secretary and Treasurer of Resort Holdings. Resort Holdings was formerly known as Yucatan Resorts.
3. Yucatan Resorts, Inc. or Yucatan Resorts, S. A. is a foreign corporation with the last known address of 3222 Mishawaka Avenue in South Bend, Indiana 46615. Yucatan Resorts is also known as Yucatan Investment Corp., an Indiana corporation that expired December 9, 2003.
4. Resort Holdings has the exclusive right to market a “universal lease” investment for Yucatan Resorts to individuals in the United States.
5. On September 23, 2003, an advertisement appeared in The Spectrum Newspaper, a newspaper of general circulation in Southern Utah, which stated, in part, “Get 9% Guaranteed on Return.” The advertisement said to contact Don Dennett and gave a local telephone number of 772-7602.
6. On September 24, 2003, an investigator for the Division, posing as a potential investor, called the telephone number on the advertisement and spoke to a man who identified

himself as Don Dennett. The investigator later met with Dennett and another investigator for the Division in Salt Lake City on November 28, 2003.

7. At the meeting, Dennett offered the investigators an investment opportunity in Resort Holdings International. Dennett said the investment was a “universal lease” program in which investors would receive a lease agreement for a hotel room in either the Caribbean or Mexico. Dennett said an investor could not choose the hotel room, but that rooms would be assigned to the investor.
8. Dennett said the “universal lease” allowed an investor to use the room, but that the investor could also either rent the room or retain a third party called Majestic Travel to rent the room for the investor. Dennett said the investor did not play an active role in the investment and that the investor’s role would be passive.
9. Dennett also said the investor did not pay taxes, insurance, maintenance fees or other costs associated with the rooms.
10. Dennett said the minimum investment was \$5,000 and that an investment paid a guaranteed return of 9% per year for 25 years. Dennett said the investor would receive the return regardless of whether the assigned rooms were rented. Dennett said the investor could receive monthly distributions from the investment or allow the interest to accumulate.
11. Dennett said the investment was liquid and the investor could receive his money back with a 30-day notice, but there would be a penalty if the funds were withdrawn in the first three years.
12. Dennett said he was being paid a commission for selling the investment opportunity in Resort Holdings and the commission was being paid from the withdrawal penalty.

13. Dennett said the investment could be made with qualified money through an IRA or other retirement funds. Dennett said non-qualified funds would be sent to Resort Holdings while qualified funds would be sent to Majestic Travel. Dennett said Majestic Travel also provided all accounting for the investment.
14. Dennett said the investor would receive a written contract stating the principal and return were guaranteed. Dennett said the contract also stated the company would repurchase the lease or cash out the investor at anytime the investor requested.
15. Dennett said the investment had been approved to sell in 48 states, including Utah, and the investment was not considered a security.
16. Further investigation revealed several states have taken action against Resort Holdings, Yucatan, Michael Kelly and other related individuals and entities.
17. On May 18, 1999, the New Mexico Division of Securities issued an administrative order against Yucatan Investment Corporation for the sale of unregistered, non-exempt securities in the form of nine month notes by unlicensed agents.
18. On July 26, 1999, the South Carolina Securities Division issued an administrative order against Yucatan for the offer or sale of unregistered, non-exempt securities in the form of nine-month notes by unlicensed agents.
19. On November 7, 2000, the Connecticut Department of Banking issued an Order to Cease and Desist and issued a Permanent Order on December 21, 2000 against Yucatan Investment Corp.
20. On October 28, 2002, the Pennsylvania Securities Commission issued a Summary Order to Cease and Desist against Yucatan Resorts, Rodney Hinkle and others. Pennsylvania alleged unregistered securities, unregistered agent and fraud.

21. On April 4, 2003, The Wisconsin Division of Securities issued an Order of Prohibition against Yucatan Resorts and Michael E. Kelly. Wisconsin alleged the offer or sale of unregistered securities, unlicensed agent and employing an unlicensed agent.
22. On May 20, 2003, the Arizona Corporation Commission issued a Temporary Order to Cease and Desist and Notice of Opportunity for Hearing against Yucatan Resorts, Resort Holdings International, World Phantasy Tours, Majesty Travel, Michael E. Kelly and others. Arizona alleged the offer or sale of an unregistered security, transactions by unregistered dealers or salesmen and fraud.

### **CAUSES OF ACTION**

#### **Count I**

##### **Sale of Unregistered Security**

23. The investment offered or sold by the Respondents is a security under Section 61-1-13 of the Act.
24. The investment offered by Respondents has not been registered with the Division as required by Utah Code Ann. § 61-1-7, which provides that:

It is unlawful for any person to offer or sell any security in this state unless it is registered under this chapter or the securities or transaction is exempted under Section 61-1-14 . . . .
25. The securities do not appear to be exempt from registration under any provision of Utah Code Ann. § 61-1-14.
26. Respondents are, therefore, in violation of Utah Code Ann. § 61-1-7.

#### **Count II**

##### **Sale By An Unlicensed Agent**

27. None of the Respondents are licensed as broker-dealers or agents of broker-dealers as required by Utah Code Ann. § 61-1-3(1), which provides that:

It is unlawful for any person to transact business in this state as a broker-dealer unless the person is licensed under this chapter.

28. Utah Code Ann. §61-1-3(2)(a) further states that:

It is unlawful for any broker-dealer or issuer to employ or engage an agent unless the agent is licensed.

29. Respondents are therefore in violation of Utah Code Ann. §§ 61-1-3(1) and 61-1-3(2)(a).

### **Count III**

#### **Fraud**

30. Respondents made oral misrepresentations or omissions in offering the investment.

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly to:

...

(2) make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; ...

(3) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

...

31. Respondents are therefore in violation of Utah Code Ann. § 61-1-1(2).


### **ORDER**

The Director, pursuant to Utah Code Ann. § 61-1-20, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur at a date, time and place agreed upon by the parties after an answer had been filed. If Respondents fail to file an answer and/or appear at the hearing, an order to cease and desist may be issued and

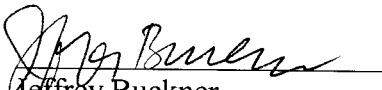
a fine imposed by default against Respondents, as provided by Utah Code Ann. § 63-46b-11. At the hearing, Respondents may show cause, if any they have:

1. Why Respondent should not be found to have engaged in the violations alleged by the Division.
2. Why Respondent should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. §§ 61-1-1(2), 61-1-3(1), or any other section of the Act.
3. Why Respondent should not be ordered to pay a fine to the Division in an amount to be determined at the hearing.

DATED this 15<sup>th</sup> day of December, 2003.

  
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S. Anthony Taggart  
Director  
Utah Division of Securities

Approved:

  
Jeffrey Buckner  
Assistant Attorney General

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
FAX: (801) 530-6980

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**BEFORE THE DIVISION OF SECURITIES  
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**IN THE MATTER OF:**

**DONALD WESLEY DENNETT, RESORT  
HOLDINGS fka YUCATAN RESORTS,  
INC. aka YUCATAN INVESTMENT  
CORP.,**

**Respondents.**

**NOTICE OF AGENCY ACTION**

**Docket no. SD-03-0080  
Docket no. SD-03-0081**

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THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of mailing of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the date of this notice, you are required to file a written response with the Division. The response you file may be helpful in clarifying, refining or narrowing the facts and violations alleged in the Order to Show Cause.

After your response is filed, a hearing will be set at a date and time agreed upon by the parties.

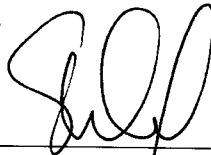


If you fail to file a written response, as set forth herein, or fail to appear at the hearing, you will be held in default, an Order to Cease and Desist will enter, and a fine will be imposed against you in accordance with Utah Code Ann. §64-46b-11.

The presiding officer in this case is S. Anthony Taggart, Director, Division of Securities, 160 East 300 South, P.O. Box 146760, Salt Lake City, UT 84114-6760, telephone (801) 530-6600. The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648. At such hearing, the Division will be represented by the Utah Attorney General's Office, 160 East 300 South, P.O. Box 140872, Salt Lake City, UT 84114-0872, telephone (801) 366-0310. At the hearing, you may appear and be heard and present evidence on your behalf.

You may attempt to negotiate a settlement of the matter without filing an answer or proceeding to a hearing. Should you so desire, please contact the Utah attorney General's Office. Question regarding the Order to Show Cause and Notice of Agency Action should be directed to Jeff Buckner, Assistant Attorney General, 160 E. 300 South, P.O. Box 140872, Salt Lake City, UT 84114-0872, telephone (801) 366-0310.

DATED this 15<sup>th</sup> day of December, 2003.



S. Anthony Taggart  
Director, Division of Securities  
Utah Department of Commerce

**CERTIFICATE OF MAILING**

I hereby certify that on the 16th day of December 2003, I mailed, by certified mail, a true and correct copy of the foregoing Order To Show Cause and Notice of Agency Action to:

Donald Wesley Dennett  
792 Zion Park Blvd  
Springdale UT 84767

CERTIFIED MAIL: 7002 2030 0002 7918 8050

Yucatan Resorts  
3222 Mishawaka Avenue  
South Bend IN 46615

CERTIFIED MAIL: 7002 2030 0002 7918 8067

Resort Holdings International Inc  
Michael E Kelly  
2533 North Carson Street  
Carson City NV 89706

CERTIFIED MAIL: 7002 2030 0002 7918 8074

Resort Holdings International Inc  
CSC Services of Nevada Inc  
502 East John Street  
Carson City NV 89706

CERTIFIED MAIL: 7002 2030 0002 7918 8081

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Executive Secretary